

A study of customer satisfaction, customer loyalty in automobile industry

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ABSTRACT

India is one of the fastest growing economies in the world. Automobile industry had seen many ups and downs in India prior to liberalization. The liberalization of Indian economy enabled India to advance itself in many sectors. Automobile is one such sector wherein India has seen tremendous improvements. To sustain this rate of growth in automobile sector India has to introduce so many measures to have higher customer satisfaction. Implications of this research work will help the bankers of small town banks can identify that what are the various factors that can affect their customer satisfaction the most in the present competitive market. May be they can use these factors to drive Customer loyalty out of customer satisfaction.

Keywords: Liberalization, automobile, customer satisfaction, customer loyalty

1. INTRODUCTION TO THE STUDY:

Customer satisfaction is related to the human activity directed at satisfying human wants through the exchange of goods and service. Satisfying the customers occupies a most important position in business management. Customer satisfaction plays a crucial and critical role as it deals with customers and their needs. The major task of organization is to satisfy customers by meeting their needs and wants. The essence of organization is the customer and not the product shall be the heart of the entire business system. It emphasizes on customer oriented business. Policies and programs, which are formulated to serve efficiently the customer demand. "Satisfaction of a customer is so basic that it cannot be considered as a separate function. It is the way whole business seen from the point of view of its final results i.e., from the customer's point of view". A consumer is the king and has the right to choose from a large variety of offering. Today market is a more customer oriented in the sense all the business operations revolve around satisfying the customer by meeting their needs through effective service. Thus, business is often dynamic, challenging and rewarding. It can also be frustrating and even disappointing but never dull.

If customer experience matches customer expectation, it leads to customer satisfaction and if customer experience doesn't match with 'Customer Expectation', leads to 'Customer Dissatisfaction'. On similar lines if it exceeds expectation leads to 'Customer Delight'.

2. CUSTOMER LOYALTY AND SATISFACTION:

Most of the organizations have murkiness in considering customer loyalty and satisfaction. They feel that both are same and a satisfied customer is always loyal to them. But this is not true as the customer can be delightfully satisfied but he may be or may not be loyal.

This is because satisfaction an emotional and slushy feeling over the job done. But loyalty is related to the action taken by the customer future. There can be following two combinations of aspect when satisfaction and loyalty are treated together:

- 1) **Satisfied but disloyal customers:** A customer can be fully satisfied but may not be loyal due to following reasons:
 - a. **Entrepreneur Customer:** These types of customers like to experiment a lot and hence try to create various options for them to get more benefits. So even if they are satisfied they diverge to other options available in the market.
 - b. **Pressure from Competitors:** Due to the pressure in market the customer tends to follow the competitors path and divert from the existing supplier to remain sustain in the global market place.
 - c. **Outdated Suppliers:** The customer may be satisfied with the existing customers but sometimes feel that the product and services he is using are outdated in market. Due to the changing technology there is always a need to update the technical aspects and product features even if the old products and services are satisfactory. Focusing on these facets the customers normally go to other suppliers for his new requirements.
- 2) **Unsatisfied but loyal customers:** The other abnormal situation is when the customer is loyal but is unsatisfied. The reasons for this are following:
 - a. **Lack of available options:** There can lack of options available for customers. This situation arises when the existing supplier is having a monopoly in a particular segment of products or when all other competitors are worse than the existing supplier. The customer feel trapped in this type of situation and is forced to be loyal to the supplier but at the end of the day he will be an unsatisfied customer.
 - b. **Improved Supplier:** In another situation the suppliers may take the customers in confidence by convincing them to provide improved products and services in the coming future. This is an important tactic that supplier implement in their marketing strategy to become customer centric and to have customers stick to them and be loyal.

To remain in a healthy relationship the customers also remain loyal but have a feeling of dissatisfaction beneath. But finally if the supplier continuously supply degraded products and services the customer could easily divert from them in search of better prospects.

- c. **Customer Inertia:** There are some customers who afraid to change the supplier. Even if they have bad experience with the supplier, they continue to have business with them. This may be due to the emotional and business attachments or bonding of customers with those particular suppliers.

There could be many others reason for this like, the customers' feel reluctant to face the complexity of the process of changing their way to other suppliers and prominently when they already have a long term relationship with their suppliers. Under this situation the customer tries to ignore the feelings of being unsatisfied and remain loyal to them.

2.1 INCREASING CUSTOMER LOYALTY

It is necessarily required for an organization to interact and communicate with customers on a regular basis to increase customer loyalty. In these interactions and communications it is required to learn and determine all individual customer needs and respond accordingly. Following are some important aspects which suppliers should always keep in mind to increase customer loyalty:

- 1) **Emotional attachment:** Emotional and sentimental attachment plays a vital role in increasing customer loyalty. Hence it is important for the suppliers to identify the factors which force the customers to get emotionally attached with them and should mould this information accordingly to enhance this emotional relationship. There can be a range of factors for customers that develops these emotional attachment with suppliers, some of which are discussed below:
 - a. Some customers will get attached with supplier just because of the excellence in technical aspects of product which also includes best service and healthy organizational culture. These types of customers only believe in the fact that all the products and services work in accordance to them and in an efficacious and efficient way. This attachment results in customer to become loyal.
 - b. Some customers get highly impressed with the overall behavior of supplier. Soft spoken and well-mannered executive is always a positive gain for the supplier to get the customers emotionally attached with him. This behavior could also include provision of spontaneous responses in an efficient way. All these aspects can increase customer loyalty to much higher levels.
- 2) **Supplier's credibility:** Supplier's credibility helps to elevate customer loyalty. Credibility provides confidence and comfort to the customers regarding the reliability, durability, quality and performance of products and services. In industrial sector, the products provided by suppliers are actually used by customers for production purpose.

Hence unavailability, malfunctioning or low performance of these products could highly affect the profitability in business. By nullifying all these factors and providing high valued service and high end products which are available all the time develops a sense of credibility among the customers. In such case customers develop faith and belief in supplier which obviously increases customer loyalty.

- 3) **Customer satisfaction:** Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. It can only be attained if the customer has an overall good relationship with the supplier.

However, a satisfied customer may be or may not be loyal but an unsatisfied customer potentially seeks other options and may migrate easily. Hence it is important for the supplier to identify dissatisfaction factors and develop corrective measures to cope up with it. A satisfied customer mostly tends to be a loyal customer hence customer satisfaction is an important factor that increases customer loyalty

3. Review of Literature:

Prof. Nistorescu, Mr. Mihail Barbu and Mr. Roxana Ioana Dumitriu (2013) conducted a study concerning customer loyalty in the auto market. 593 customers were taken as sample for the survey. Simple random sampling technique was used to select the sample. A structured questionnaire was used to collect the data. The analysis showed statistically significant correlation between satisfaction and repurchase, between satisfaction and recommendation and between recommendation and repurchase. The researchers concluded that loyalty is a powerful marketing tool and the three dimensions are interrelated. Nataraj S and Dr. N. Nagaraja (2012) conducted a research on “Customer satisfaction in automobile industry – an Indian online buyers’ perspective of car manufacturers’ websites”. The objective of the study was to reveal the online behavior of today’s auto Customers. Exploratory research was undertaken and a structured questionnaire was designed and sent to 50 online customers. Customers consider “quality of content” and Ease of navigation” as the most significant factors. The researchers concluded that online landscape evolves rapidly with the emergence of powerful Customer-to-Customer tools like blogs, discussion forums, social networking sites and virtual worlds.

4. CONCLUSION:

In today’s knowledge based market, consumers are expecting more from the marketers. With increased change in needs and expectation of the consumers, the marketers need to be in close contact with the customers to learn their needs and satisfy them with their needs for the product’s success. The present study has fulfilled all the objectives. The prominent factors emerged from the present study will help the manufacturers to perform their activities more effectively.

Reference:

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